GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:248
ANSWERED ON:06.07.2004
REVIVAL OF FERTILIZERS AND CHEMICALS TRAVANCORE LIMITED
Chandrappan Shri C.K.;Krishnadas Shri N.N.;Nair Shri P.K. Vasudevan;Rajendran Shri P.;Thomas Shri P.C.

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Fertilizers and Chemicals Travancore Limited (FACT) Cochin is facing financial crisis;

(b) if so, the details of the steps taken or being taken by the Union Government in this regard;

(c) whether a secretary level committee has been set up for revival and modernization of FACT;

(d) if so, the details and the time by which it is likely to submit its report to the Government;

(e) whether the Government has received any memorandum from the staff of the FACT High School, Cochin regarding handing over the management to a private agency;

(f) if so, the details thereof and the reasons therefor; and

(g) the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI K. RAHMAN KHAN)

(a) : Yes Sir.

(b) : Considering the poor financial performance of FACT, the Government in March 2002 had waived outstanding interest of Rs.226.88 crore along with penal interest as on 31.3.2002 on the Government loans availed by the company. Again in October 2003, the Government waived outstanding interest of Rs.87.80 crore along with penal interest on the Government loans as on 31.3.2003, reduced the rate of interest on the loans to 7% w.e.f. 1.4.2003 along with moratorium on principal and interest repayments up to 31.3.2004 and also extended a non-plan loan of Rs.60 crore in 2003-04 for implementing voluntary retirement scheme through which about 940 employees have been reduced from the rolls of the company to improve its financial condition. The Government also proposes to implement a third and long term package for revival of FACT keeping in view its request for writing off the outstanding Government loan of Rs.609.26 crore as on 31.3.2004. The Union Government has also been pursuing with the Government of Kerala certain concessions for reduction of State levies/taxes sought by FACT, which would improve its financial condition for which a meeting was held with the Chief Minister and other officials of the State Government of Kerala on 15.6.2004.

(c) & (d) : No Sir. However, during the meeting with Chief Minister of Kerala, the state Government has proposed to set up a committee at the state level to settle all pending matters between the State Government and FACT.

(e) & (f) : A petition from the staff of FACT High School, Cochin challenging the handing over of the management of the school to a private agency has been received by the Government. The petition prays not to outsource the activities of schools to private agencies and in case such an action is taken by the management of FACT, due consideration may be given to the fate of the teachers and other members of the staff for their re- deployment after availing Voluntary Retirement Scheme.

(g) : The petitioners have also approached the Kerala High Court in this matter and the matter is now subjudice.